

## **Executive Summary**

### **Advertising Plans**

The goal of this campaign is to increase sales by 10% and improve Wendy's market share by 4%. Sales will be increased by steadily increasing consumption by the current target audience of 25-54 and market share will be gained by introducing new customers to Wendy's and persuading customers from the competition to try Wendy's. All of these goals will be met by comparing the Wendy's product to competitor's products and using the frequency heuristic, or giving many favorable reasons to eat at Wendy's. Awareness, preference and knowledge will all be used to create a more favorable image for Wendy's.

### **Market Information**

The target audience for this campaign will be the 25-54 year olds. This group tends to frequent quick-service restaurants and keeping their share, or increasing it, is very important to the growth of Wendy's. The secondary audience is the younger crowd aged 18-24. This group has sizeable spending power and offers unique advertising opportunities. The top 100 DMA markets will be heavily advertised to in order to reach consumers across the United States.

### **Campaign**

The main purposes of the campaign will be to remove negative connotations associated with quick-service burger restaurants and to use comparative advertising in order to display the competitive advantage that Wendy's has over its competitors; focusing on the freshness of ingredients. In order to attract new customers celebrity endorsers would highlight the benefits of eating at quick-service restaurants.

### **Budget**

The \$200,000,000 budget will be allocated across different advertising mediums. The mediums will include television, magazines, internet, and others. The budget will be stretched across a one year period beginning the 1<sup>st</sup> of June and each medium will have a monthly spending budget based upon its overall percentage of the budget.

## Situation Analysis

### Company Background

Wendy's is a quick-service restaurant established in 1969 by Dave Thomas. Wendy's is famous for their fresh, never frozen, hamburgers but their menu also includes French fries, baked potatoes, chicken sandwiches and nuggets, salads, milkshakes (frosty's) and other options. There are currently 6,625 Wendy's restaurants in America and 21 in other countries.

### SWOT Analysis

<b>Internal Strengths</b>	<b>Internal Weaknesses</b>
<p><b><u>Brand Name</u></b> – Wendy's is the third leading quick-service hamburger restaurant. Due to their popular name and image it will be easier to grow and Wendy's will have more bargaining power due to the well-know image.</p> <p><b><u>Strong Returns</u></b> – Due to Wendy's management being very efficient at using assets in profitable areas they are able to increase their returns on their investments and overall profit.</p>	<p><b><u>Slow Growth</u></b> – Due to intense competition and people's changing attitudes towards quick-service restaurants it appears that the overall market would grow slowly with only the top competitors seeing much improvement.</p> <p><b><u>International Market</u></b> – Similar restaurants such as McDonalds and KFC have an enormous presence overseas but Wendy's does not have many stores in operation in other countries. With a slow growing United States market Wendy's will need to increase its presence in other countries.</p>
<b>External Opportunities</b>	<b>External Threats</b>
<p><b><u>New Growing Markets</u></b> – Many international markets are beginning to develop and their economies are growing rapidly. This is an excellent time for Wendy's to increase its presence in foreign markets as foreign countries' spending power increase.</p> <p><b><u>Increasing Population</u></b> – With Generation Y beginning to have an enormous impact on the economy there are simply more potential customers in the market. The United States population is increasing rapidly which should naturally increase consumption.</p>	<p><b><u>Competition</u></b> – Wendy's has intense competition in the quick-service hamburger market from companies such as McDonalds and Burger King and also heavy competition from alternative restaurants such as Subway and Zaxby's.</p> <p><b><u>Changes in Prices</u></b> – Due to food prices constantly increasing and labor fees increasing as well restaurants are being forced to charge more for their products. If quick-service restaurants lose their "cheap" appeal then the overall market could decrease.</p>

### Marketing Analysis and Communications Strategy

The SWOT analysis clearly shows that Wendy's major problem right now is its lack of presence in the international market, but Wendy's must build before it promotes, so the marketing strategy will focus on a national strategy. Wendy's will use continuity scheduling due to a year-round market.

## Advertising Plans, Strategies and Tactics

### Advertising Objectives

The main objectives with the new advertising campaign will be to slightly increase users in the primary market and increase new users from the secondary target. New consumers will become aware of Wendy's and why it is advantageous to begin eating at Wendy's. Current users in the market will be persuaded as to the benefits that Wendy's has to offer in order to gain market share by taking consumers from competitors. Awareness, preference and knowledge will be three very important advertising objectives. Awareness will help increase consumers who do not often frequent this market. Knowledge and preference will help to persuade consumers by giving them reasons to eat at Wendy's rather than Wendy's competitors and have them form favorable opinions which lead to them preferring Wendy's when attending a quick-service burger restaurant.

### Positioning

Wendy's will position themselves in the market as being just as quick as other restaurants, but much tastier. Wendy's already attempts this when advertising "Fresh, never frozen" burgers but will continue to stress that it tastes better than its competitor's products. Wendy's will be able to position themselves in this manner by conducting national taste tests, which can be referenced to persuade consumers that America believes Wendy's hamburgers are better tasting than McDonald's and Burger King.

### Ad Spending

The budget for Wendy's media plan is \$200,000,000. This budget will cover advertising and promotion expenses in order to increase sales by a projected 10%. The budget will cover the media planning for a one year period, beginning June 1<sup>st</sup>, 2009. Below is a graph outlining what percentage will be used in each advertising medium.

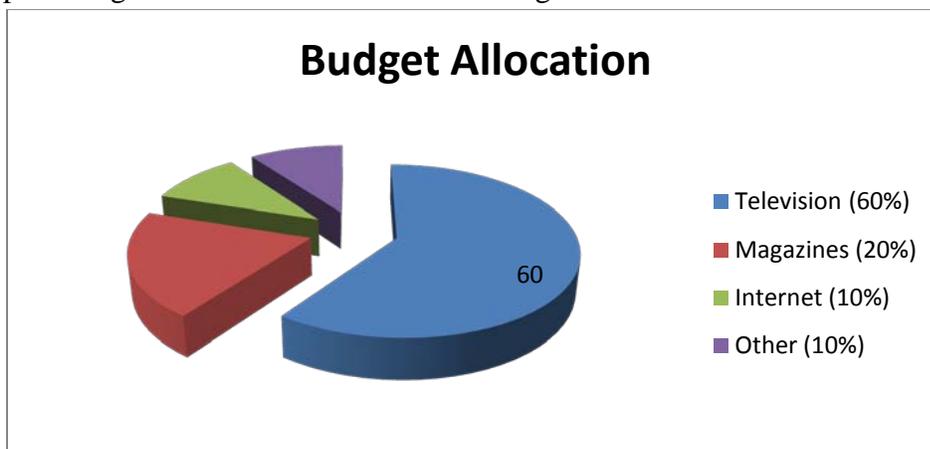


Figure 1 - Budget Allocation

## **Market Information**

### **Primary Target**

The primary target for Wendy's will be adults aged 25-54. MRI data suggests that men and women both nearly represent 50% of users, so both genders will be targeted equally. MRI data states that consumers aged 25-34 represent 8,993,000 of the customer base, consumers aged 35-44 make up 11,459,000 and those in the 45-54 age group represents 10,146,000, compared to just 4,398,000 from the 18-24 age group.

### **Secondary Target**

The secondary target will be those aged 18-24 in an effort to increase consumption from an age group that should frequently look to the quick-service market for a quick and cheap meal. Singles represent 10,889,000 of Wendy's consumer base, according to MRI data, and many of these are in the 18-24 range so it is a smart group to market to because singles tend to eat quick-service foods much more often because they only have to feed one person and not a family, so it is easier for this group to frequent quick-service restaurants.

### **Geographic Market**

Wendy's tends to have a fairly consistent consumer-base across all areas of the United States so advertising will focus on the top 100 Nielsen DMA markets, rather than marketing to particular geographical areas. This plan will focus on marketing towards groups that are found across the United States such as working adults and single young consumers, including students. By targeting every geographical area of the United States the one-year goal is to increase sales by 10%. To do this Wendy's will slightly increase its target population while strongly increasing the secondary market by attracting new users. In order to reach this number Wendy's will attract new consumers to the quick-service market and also increase its market share by 4% by means of persuading customers from other similar quick-service restaurants.

Of the 100 Nielsen DMA markets only nine contained a low BDI and CDI: San Fran-Oak San Jose, Seattle-Tacoma, Portland OR, Hartford-New Haven, Salt Lake City, Charleston-Huntington, Portland Auburn, Spokane, Rochester NY, and Burlington-Plattsburgh. These markets will either be avoided or minimized while the other 91 markets will have a continuity advertising schedule with heavy-up advertising in high BDI and CDI areas such as Columbus or Chicago.

### **Competitive Analysis**

According to competitive analysis information Wendy's two main competitors in the quick-service burger industry are McDonalds and Burger King. McDonalds is a clear leader in the market with a 55% share. Burger King holds a slightly larger share than Wendy's with 16.4%

and 15%, respectively. Below are charts indicating the current market shares by the top 5 quick-service burger restaurants and the projected market shares after the one year campaign.

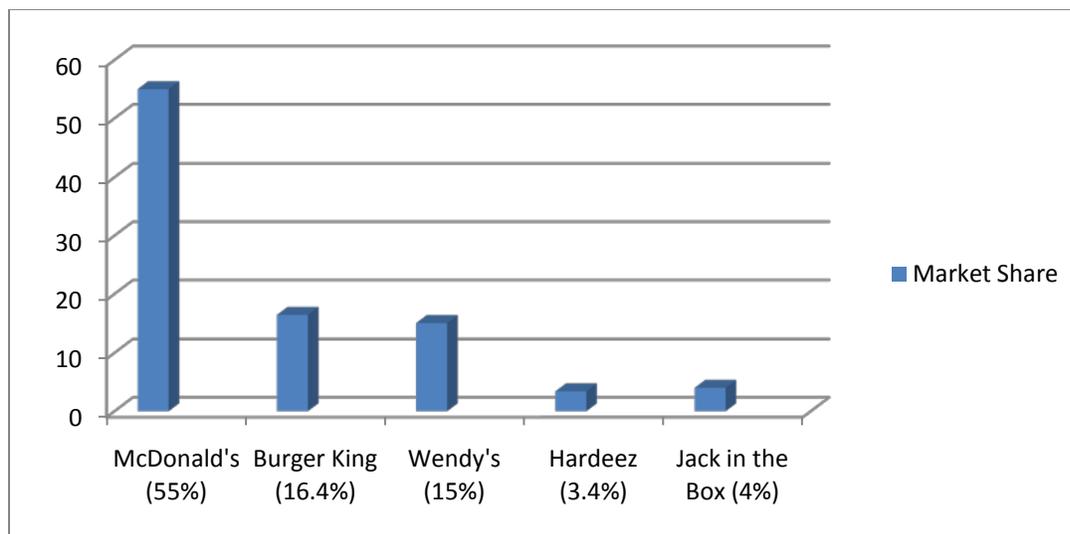


Figure 2 - Current Market Share

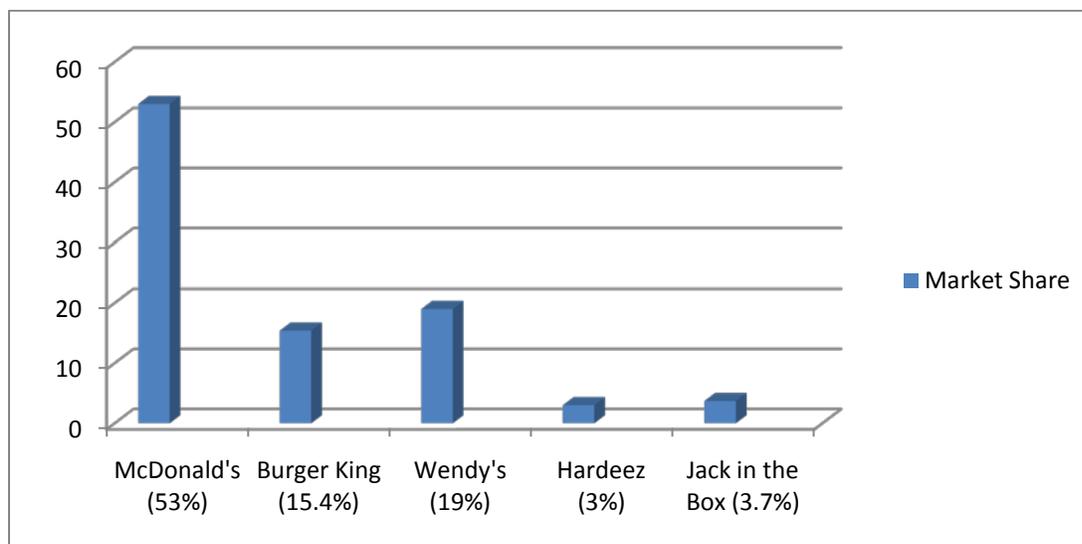


Figure 3 - Projected Market Shares

### Market Share Analysis

It is very obvious that McDonald's will remain the leader in the quick-service hamburger market for a long period of time, so it would be unrealistic to attempt to overtake McDonald's in terms of market shares in the short-run. However, McDonald's owning the largest share of the market also means it holds the most consumers for Wendy's to persuade to begin eating at Wendy's instead of McDonald's. Burger King holds a very close market share to Wendy's and the short-term goal is to overtake Burger King's spot at number two on the market share list.

### Budget Allocation Analysis

Wendy's currently spends a majority of its advertising budget on television and this will remain the same. Television outlets will include Spot TV, Cable TV Network, Network Television and Syndicated TV. Wendy's does not currently advertise on Network TV so it will be implemented in order to keep up with main competition using Network TV. Magazines will be important in attempting to advertise to the primary market of 25-54 year olds. Internet will represent 10% of the budget will online advertisements as well as online promotions. Other media will include outdoor and mobile advertising.

## **Wendy's Campaign**

### **Creative Campaign**

Wendy's campaign will focus on the general idea that its product is simply better than the product of its competitors. Advertising such areas as fresh hamburgers, tastier vegetables and better quality buns will attempt to persuade customers that frequent other quick-service hamburger chains. Comparative advertising will be used in order to show the difference between Wendy's product and the same product served at McDonald's and Burger King. The tone will be wise and convincing in order to make people feel like they made a poor decision by choosing to eat elsewhere. Comparative television advertisements would stress the visual happiness shown while eating at Wendy's compared to the bored, "eating because I have to" attitude seen inside other restaurants. Print advertisements would show pictures of a beautiful, stacked Wendy's hamburger next to a smaller greasier version offered by competitors.

Advertisements aimed at increasing the number of new consumers would attempt to remove the negative connotations in many people's minds about quick-service burger chains. These advertisements would mention health facts and promote the benefits involved with eating at a quick-service burger restaurant. The aim would be to increase the total market and not just Wendy's market share, although it would intend to have the new consumers eat at Wendy's before considering other competitors. One advertisement would focus on gaining consumers who typically eat at home, by doing a spoof of Rachel Ray's "Thirty Minute Meals" and have her endorse Wendy's by exclaiming "Sometimes you do not have time for even a thirty minute meal, but there is always time for a fresh Wendy's hamburger!" Advertisements like these would take a group of people that are not considered to be quick-service type people and show consumers that everyone eats at Wendy's, so they should try it to.

### **Sales Promotion**

This campaign will have Wendy's focus on two main promotional efforts. Both promotions will increase traffic to Wendy's website, which, alone, would increase traffic to the physical stores. The first promotion will be a "See what you have been missing" promotion intended to get new customers to Wendy's and also bring customers from competitors to try different Wendy's products. This promotion would run for three days and would allow customers to receive a free item of food in order to increase awareness of Wendy's food. The promotion will be setup by advertising the three day period on television and having consumers go to the Wendy's website where they will see the "Come see what you have been missing" section advertised. This section would include information as to why Wendy's is a clearly better choice than McDonald's and Burger King and offer consumers three coupons, each good for a particular item on a particular day of the promotion such as a frosty, small fry, or single burger. This promotion will also stress for consumers that have never tried Wendy's to "Come see what you have been missing." This

would attract new consumers that would not “waste” their money on attempting a market they have negative connotations for.

The second promotion will be a year-round promotion. This promotion will have users sign up via the internet or cell phone to receive news, updates and coupons through their email. Weekly promotions such as a “Free small frosty with purchase of a combo” would be emailed to the customers via a printable coupon. This will not only allow for more customers but also will allow existing customers to try items on the menu that they may not frequently purchase.

## **Advertising Mediums**

### **Television**

With 60% of the total budget television will be the dominant force in delivering the campaign. Spot TV, Cable TV, Network TV and Syndicated TV will all be used. Spot TV and Syndicated TV will be strongly used to persuade customers from Burger King because Burger King does not spend any money on these two mediums. Television advertisements will be an important part of gaining a competitive advantage by showing the difference between their product and competitor's products.

The television schedule focuses strongly on Spot TV and prime time shows. The schedule is a National and Spot schedule focusing on the 150 strongest markets, reaching 95.6% of the United States. It is important for this campaign to reach as many citizens as possible due to the wide range of demographics that Wendy's attracts. The schedule will run the same all twelve months due to the lack of seasonality. The schedule has an estimated 86.8 reach, a 3.8 frequency and 330 GRPs. The total monthly cost would be \$9,953,630.

Due to the lack of difference in consumption patterns based on gender the television advertisements will focus on males and females equally. Women tend to watch more morning television than men, so advertisements focused towards them will be shown early, while men watch more late night shows and news, so male-oriented advertisements will be shown during this time period. Men and women are split pretty evenly through prime time television so both advertisements, along with neutral advertisements, will be shown during prime time television. Neutral advertisements will be shown during news programs while women are targeted during reality shows and men during sports.

### **Magazines**

Magazines account for 20% of the total budget and are the second most targeted medium next to television. Magazines will be used primarily to reach the older members of the target audience, specifically the educated working class. The median age of magazine readers is 44.1 and the average income is nearly \$60,000. More than half of this group has a college education.

The magazine advertising schedule has Wendy's advertising in sixty men's magazines, sixty women's magazines and fifty general interest magazines per month. Men's magazines would include sports and automobile magazines (such as *Sports Illustrated* and *Car and Driver*), while women will be targeted in fashion and home-decorating magazines (such as *Vogue* and *Good Housekeeping*). Each advertisement will be a four color full page advertisement. The schedule has an expected 72.4 reach, 2.3 average frequency and 170 GRPs. The total monthly cost will be \$3,202,170

## Internet

The internet will be an important part of this campaign as well. Due to consumers constantly demanding up-to-date information about companies and products, the internet allows for an excellent way to constantly introduce products and services; something that is not feasible with television or magazine advertising. The internet is also the most effective means to launch the two promotions, which both include online coupons.

The internet schedule would be based on keyword impressions, targeted sites, and sponsorship impressions. The total cost for each month would be \$262,500.

## Other

Ten percent of the budget is allotted to other forms of advertising, which will focus primarily on the secondary target. Young people do not respond to traditional advertising the way previous generations did and need much more to intrigue them and gain their interest. In order to do this the \$20,000,000 budget will be used to advertise in a few of non-traditional methods.

1. **Mobile Advertising** – Cell phone usage has gone up drastically in the last few years. The main users of cell phones for entertainment purposes are the younger generation members. Members of this generation are also more likely to be accepting of mobile advertising which makes marketing to them easier.
2. **Guerilla/Viral Marketing** – The younger generation is much tougher to attract, so it is important to have them associate certain things they enjoy with a brand name. For example, Vans Sneaker Company often pays to set up skate parks in areas in order to display a positive brand image amongst users. Wendy's could find a way to attract this generation by having Wendy's image setup at locations frequented by young adults or sponsor athletes in events such as the X-games.
3. **Outdoor Advertising** – Outdoor advertising is very important for a competing fast-food chain because a large billboard can often trigger thoughts in a driver to make him or her hungry. Due to on-the-go customers making up a large percentage of Wendy's consumers, it is important to advertise in an environment that these people frequent.

## Media Not Used

This campaign does not incorporate the use of newspapers. Newspapers are slowly falling in circulation and number, causing many newspapers to move online where costs are much cheaper and advertising is easier. A popular demographic to still read newspapers is the group of adults aged 55+, which is older than the primary and secondary targets. Coupons that could be offered in newspapers will be offered online as promotions intended to increase traffic to the website and to Wendy's locations.

## Budgeting

### Total and Monthly Budgeting

The total yearly advertising budget was set at \$200,000,000. The total budgets for the advertising mediums were set at: Television; \$120,000,000, Magazines: \$40,000,000, Internet; \$20,000,000, Other; \$20,000,000. The respective monthly budgets were: \$10,000,000 (Television), \$3,333,333 (Magazines), \$1,666,666 (Internet), and \$1,666,666 (Other). The following graph displays the actual spending for each medium, yearly and monthly.

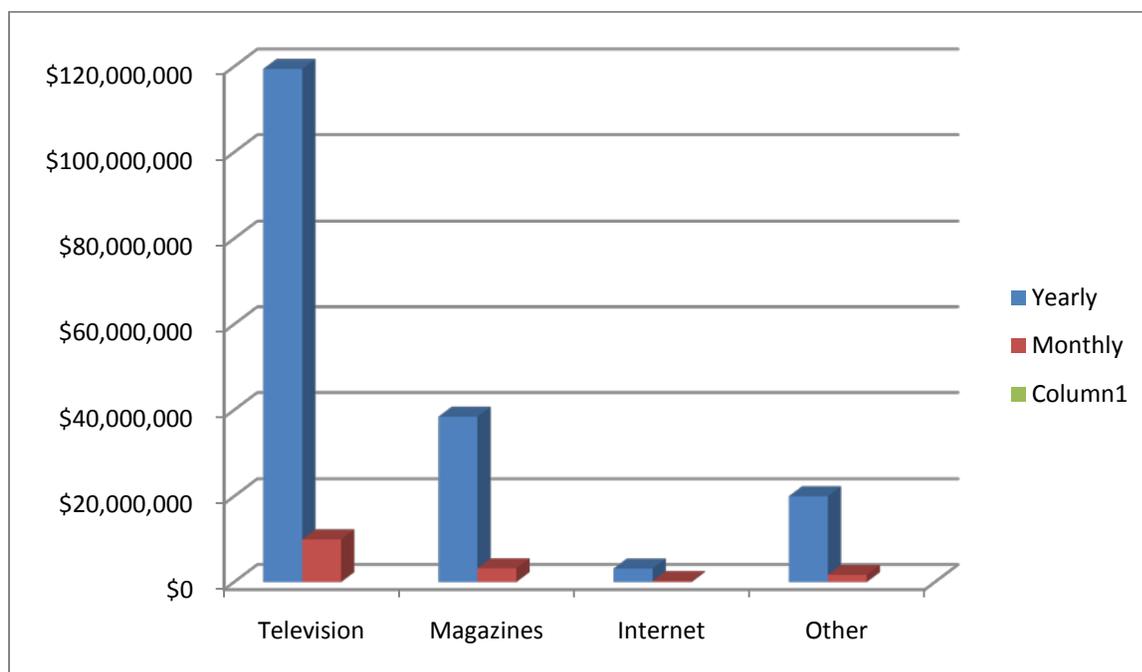


Figure 4 - Yearly and Monthly Spending

### Budget Calculations and Discussion

**Total Budget:** \$200,000,000

**Budget Used:** \$181,019,600 = \$119,443,560 + \$38,426,040 + \$3,150,000 + \$20,000,000

**Budget Surplus:** \$18,980,400

The main reason for the remaining money is due to the funds in internet advertising. The maximum allowed in media flight plan was the \$3,150,000 that was used. The remaining of this money will be used to enhance and promote the coupons and online promotions that Wendy's will be using.